

9650 Health and Dental Benefits for Annuitants

This program provides funding for health and dental benefit services for retired state employees and their dependents.

The program began on January 1, 1962, with an employer contribution of \$5.00 per month toward the cost of a basic health plan. Since then, major medical plans, Medicare, and plans supplementing Medicare have been developed. Dental care was added in 1982.

The 2006-07 employer contribution for health premiums maintains the average 100/90 percent contribution formula established in Government Code Section 22871. Under this formula, the state averages the premiums of the four largest health benefit plans in order to calculate the maximum amount the state will contribute toward the retiree's health benefits. The state also contributes 90 percent of this average for the health benefits of each of the retiree's dependents. The retiree is responsible for paying all health benefit plan costs that exceed the average of the four largest benefit plans. The 2006-07 monthly contribution maximums are \$439 for a single enrollee, \$823 for an enrollee and one dependent, and \$1,042 for an enrollee and two or more dependents. Dental care premiums vary by plan and number of dependents.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
10 Health and Dental Benefits for Annuitants	-	-	-	\$887,247	\$1,019,368	\$1,057,368
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	-	-	-	\$887,247	\$1,019,368	\$1,057,368
FUNDING				2005-06*	2006-07*	2007-08*
0001 General Fund				\$887,247	\$1,019,368	\$1,019,368
0950 Public Employees Contingency Reserve Fund				-	-	38,000
TOTALS, EXPENDITURES, ALL FUNDS				\$887,247	\$1,019,368	\$1,057,368

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code, Title 2, Division 5, Part 5.

MAJOR PROGRAM CHANGES

- An increase of \$38,000,000 Contingency Reserve Funds and a decrease of \$38,000,000 General Fund, upon transfer by the State Controller from the Medicare Part D Retiree Drug Subsidy Fund into the Public Employees Contingency Reserve Fund.

DETAILED BUDGET ADJUSTMENTS

	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Baseline Adjustment Descriptions						
• Health and Dental Premium Increase	\$-	\$-	-	\$38,000	\$-	-
• Health Care Premium Payment Fund Shift	-	-	-	-38,000	38,000	-
Totals, Baseline Adjustments	\$-	\$-	-	\$-	\$38,000	-
TOTALS, BUDGET ADJUSTMENTS	\$-	\$-	-	\$-	\$38,000	-

* Dollars in thousands, except in Salary Range.

9650 Health and Dental Benefits for Annuitants - Continued

Health Benefits

Retirement System ¹	Number of Retirees			Cost by System		
	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
PERS State Employees	128,861	135,407	135,407	\$813,103	\$936,639	\$974,035
District Agricultural Employees	310	326	326	1,956	2,286	2,374
Legislators	118	124	124	801	952	989
Teachers	184	172	172	1,049	1,333	1,384
Judges	1,479	1,554	1,554	9,643	11,143	11,571
Totals	130,952	137,583	137,583	\$826,552	\$952,353	\$990,353

¹The cost for retirees' health benefits is based on the following average number of retirees covered from each retirement system.

9650 Health and Dental Benefits for Annuitants - Continued

Dental Benefits

Retirement System ¹	Number of Retirees			Cost by System		
	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
PERS State Employees	104,488	109,796	109,796	\$59,538	\$65,695	\$65,695
District Agricultural Employees	283	297	297	161	184	184
Legislators	106	111	111	71	83	83
Teachers	126	122	122	67	86	86
Judges	1,395	1,466	1,466	858	967	967
Totals	106,398	111,792	111,792	\$60,695	\$67,015	\$67,015

¹ The cost for retirees' dental benefits is based on the following average number of retirees covered from each retirement system.

9650 Health and Dental Benefits for Annuitants - Continued

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>\$895,197</u>	<u>\$1,019,368</u>	<u>\$1,019,368</u>
Totals Available	\$895,197	\$1,019,368	\$1,019,368
Unexpended balance, estimated savings	<u>-7,950</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$887,247	\$1,019,368	\$1,019,368
0950 Public Employees Contingency Reserve Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>-</u>	<u>-</u>	<u>\$38,000</u>
TOTALS, EXPENDITURES	\$-	\$-	\$38,000
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$887,247	\$1,019,368	\$1,057,368

* Dollars in thousands, except in Salary Range.